Malaysia Proton Launches Sedan To Grow Sales

Eileen Ng, Associated Press

KUALA LUMPUR, Malaysia (AP) — Malaysia's national carmaker Proton has launched a new sleek sedan that it hopes will pimp its faded brand and spearhead an increase in overseas sales.

Motor analysts, however, were cautious Tuesday about the new car, citing competition from long established and bigger foreign rivals such as Japan's Toyota Motor Corp.

Once the king of the road in Malaysia, Proton's fortunes dwindled after its home market was opened to greater foreign competition. Exports have remained lackluster, with sales hindered by perceptions of poor quality and bland models.

Proton touts the 1.6-litre Preve (pronounced pray-vay), launched by Prime Minister Najib Razak late Monday, as a "global car" that will bolster exports with its modern look, advanced technology and attractive price.

"The Preve is a very important milestone for Proton in many ways," Managing Director Syed Zainal Abidin Syed Mohamed Tahir said at the launch. "It represents a new and higher level of standard for Proton cars in all aspects," he said.

"It is intended to spearhead Proton's foray into the global markets."

Proton said the Preve is its first car with a turbocharged engine that delivers power and torque similar to that of a 2-liter car. It will sell for between 59,990 ringgit ($19,600) and 72,990 ringgit ($23,830).

Proton aims to sell 4,000 of the sedans a month, and export the car to Indonesia and Thailand in three months, followed by other countries including China, Iran and Australia. Officials said a sporty hatchback version is expected to be launched later this year.

Despite good features and an attractive price, analysts said Proton would face a tough fight, especially from Japanese carmakers which are expected to be aggressive in new launches after recovering from last year's earthquake and tsunami in Japan.

"Consumers will have many other choices. It won't be easy for Proton to compete with other players which are more prominent," said Law Mei Chi, analyst with Kenanga Research.

She said Proton would need time to build confidence in its branding and improve its image.

The car launch comes at an uncertain time for Proton, following its recent takeover by conglomerate DRB-Hicom Berhad.

DRB-Hicom in January announced a 3 billion ringgit ($980 million) deal to buy a 43 percent stake in Proton from government investment arm Khazanah Nasional and also make an offer for all Proton shares it doesn't own.

DRB-Hicom has given few details on its plans for Proton but a management revamp is expected and there is talk that DRB-Hicom is working on a possible tie-up with Germany's Volkswagen AG to revive Proton. DRB-Hicom distributes and assembles Volkswagen, Mercedes-Benz and Honda vehicles.

Proton's share of the Malaysian market has shrunk to around 30 percent from more than two-thirds just over five years ago. It's top-selling model is the Saga, which is widely used as a taxi and makes up about half of Proton's sales.

The takeover by DRB-Hicom followed Proton's failure to seal tie-ups with foreign carmakers, including Volkswagen, due to the government's insistence on maintaining control over the carmaker.

"The Preve is a move in the right direction but it's too premature to cheer. There are still a lot of uncertainties about its future," said Ahmad Magfhur Usman, analyst with OSK Research.

Source URL (retrieved on *08/20/2014 - 11:00pm*):
http://www.impomag.com/news/2012/04/malaysia-proton-launches-sedan-grow-sales?qt-recent_content=0